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SUBJECT: MINISTERIAL MEETING ON INTERNATIONAL ENVIRONMENTAL GOVERNANCE, RIO DE JANEIRO, SEPTEMBER 3-4, 2007

11. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR INTERNET DISTRIBUTION.

12. (SBU) SUMMARY. Brazil hosted the "Ministerial Meeting on Environment and Sustainable Development: Challenges for International Governance," in Rio de Janeiro, September 3 and 4, 12007. Participants from the United States, Europe, and key developed and developing countries spoke of the need to try to strengthen international environmental governance. The U.S. delegation underscored its willingness to constructively participate in the discussion and emphasized that it did not see a need for a new international organization. The Europeans advocated for converting the UN Environmental Programme (UNEP) into the UN Environmental Organization with normative powers; Brazil switched from its previous opposition to creating a new organization, and identified as an option the possibility of establishing an "umbrella" organization on sustainable development. Most developing countries called for more financial resources, technology transfers and capacity building, and did not commit to any specific proposal for restructuring international environmental governance. Several developing countries did, however, oppose creation of a new organization on the grounds that it would drain resources from capacity building. Others opposed it because they believed the Europeans would use it to impose environmental trade barriers. The Co-chairs' summary (text below) incorporated key points of the debate, and it will be fed into the ongoing UN discussion. END SUMMARY.

PARTICIPANTS AND PURPOSE

13. (U) The Government of Brazil's (GOB) Foreign Minister (Celso Amorim) and Environment Minister (Marina Silva) sponsored the

"Ministerial Meeting on Environment and Sustainable Development: Challenges for International Governance," in Rio de Janeiro, September 3 and 4, 2007. The GOB billed the meeting as an opportunity for senior officials to discuss informally issues related to international environmental governance in the context of sustainable development. Ministers or senior representatives of the following countries participated in the meeting: Antigua and Barbuda, Argentina, China, Costa Rica, Egypt, France, Germany, India, Indonesia, Italy, Japan, Kenya, Mexico, Pakistan, Portugal, Russian Federation, United Kingdom, Senegal, South Africa, United States and Venezuela. Other participants included representatives of the European Commission, the Executive-Director of the United Nations Environment Programme (UNEP), Achim Steiner, and a senior representative of the Under-Secretary-General for Economic and Social Affairs of the United Nations, as well as the Permanent Representative of Switzerland (Claude Heller) to the United Nations (UN), as one of the co-chairs of the informal consultative process on the institutional framework for the UN' environmental activities.

14. (U) State Department's Assistant Secretary for Oceans, International Environmental, and Scientific (OES) Affairs Claudia McMurray headed the U.S. delegation. The rest of the U.S. delegation consisted of International Organizations Bureau Deputy Assistant Secretary Gerry Anderson, OES/ENV Division Chief John Matuszak, L/OES Attorney Mark Simonoff, and Embassy Brasilia's EST Counselor Richard Driscoll.

#### HIGHLIGHTS OF DISCUSSION

15. (SBU) The GOB Co-Chairs commenced the meeting with an effort to

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steer the ensuring discourse toward their view of a need to create an "umbrella" organization to oversee international environmental governance. They declared that the international system from multilateral environmental agreements (MEAs), to the UN Environmental Programme (UNEP), to the Commission on Sustainable Development (CSD) needed to be strengthened and that more funds, with steady and predictable flows, were called for. Foreign Minister Amorim emphasized the need to consider all three pillars of sustainable development - environmental, social and economic - in contrast with the French proposal for an international organization or agency solely focused on the environment. Environment Minister Silva lamented that the UN system was designed before the concept of sustainable development had come to the fore. She stressed that the world needed to find again the spirit of Rio 1992. Later, Foreign Ministry Under Secretary Everton Vargas summarized the concept paper the GOB had distributed prior to the meeting. He urged greater coordination between UNEP, CSD, the MEAs secretariats, and the Global Environmental Fund (GEF). Further, he called for greater South-South and North-South-South collaboration. When asked why the UN Development Program (UNDP) was not asked to the meeting, GOB's Figueiredo Machado told us in a private conversation that UNDP was not a problem that needed to be fixed or included in this effort.

16. (SBU) Claude Heller offered his perspective on the problems and their possible solutions with current international environmental governance (IEG). He reviewed the findings in the paper he and his Mexican co-chair had prepared, including the lack of reliable funding, the need to strengthen scientific assessment, and the importance of "mainstreaming" environment. He called for the UN General Assembly (UNGA) to adopt a resolution this year setting the terms of reference for transforming IEG.

17. (SBU) UNEP Director Steiner described the current system as "increasingly dysfunctional" with inadequate resources and mandate to respond to environmental needs. He referred to GEF as an "insignificant" funding mechanism and lamented how little UNEP received compared to other UN agencies such as the Food and Agriculture Organization (FAO). In short, he concluded that the situation was going "badly wrong." He saw a need for dramatic steps for the UN system to improve IEG.

18. (SBU) Portugal, which had the European Union (EU) presidency, and France spoke in favor of the French proposal to transform UNEP

into the "UN Environmental Organization" (or UNEO). Portugal said that the MEAs couldn't lose their autonomy in this reform process. Interestingly, South Africa objected saying that Europe was seeking to create UNEO for an ulterior purpose, namely to undermine the World Trade Organization (WTO). Germany wanted to give UNEP agency status now; it also saw a need to create scientific assessment and early warning capacity within UNEP. The Europeans wanted a normative body. Italy thought the current discussion was polarized and so called for a step-by-step process to strengthen IEG, beginning with strengthening UNEP as suggested by Steiner.

¶9. (SBU) Various developing countries emphasized the need for more resources, more technology transfers, and more capacity building, including China, India, Pakistan, South Africa, Indonesia and Brazil.

¶10. (SBU) China, India, Egypt, Indonesia, Argentina and Kenya did not endorse the French UNEO proposal or the Brazilian "umbrella" organization concept. However, they spoke in terms of strengthening the system and making structural changes where needed. China wanted

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to also bring in to the picture ECOSOC and UNDP because it considered environment at heart to be an "economic development issue". Pakistan (which is the chair of the G-77) underscored the principle of common, but differentiated responsibilities, and it was open to redefining UNEP. India emphasized that it did not want to see the creation of a new normative organization. It too stressed that environment should be viewed in light of economic and social considerations. They all expressed their openness to discussing concrete proposals on IEG. Russia and Venezuela expressly disagreed with the idea of creating a UNEO. Costa Rica highlighted its determination to act now, regardless of common but differentiated responsibilities; it said it hoped to be carbon neutral by 2021. Argentina noted that we have other options than UNEO. Japan acknowledged its willingness to consider a new structure or new organization, however, it called for a "bottom up" approach in setting the terms of reference for the negotiations.

¶12. (SBU) South Africa stated that there was not enough political support for the European proposal of a UNEO. What is needed now is a process to strengthen UNEP and to deal with the "mistrust" that surrounds this debate. South Africa proposed creating a small working group to advance the international dialogue on IEG. The United Kingdom and France concurred that a small group - under GOB leadership - should develop a paper to feed into the ongoing UN process. Antigua and Barbuda (as the next UNGA president) adamantly opposed South Africa's proposal for a small working group. It did not want to suspend or delay work on Heller's proposal in the UN and strongly opposed any process that had limited participation. Pakistan (as leader of the G-77) echoed Antigua and Barbuda's opposition to a limited participation process.

¶13. (SBU) The United States highlighted where there was common ground: (1) strengthening UNEP and (2) greater inclusion of sustainable development within the international agenda. Nonetheless, the USG opposed creating a new organization or agency. A/S McMurray noted that there were many points in the co-chairs' paper presented by Heller that we can agree on, and that the United States is prepared to discuss points of common ground on the building blocks contained in section 3 of the co-chairs' paper in connection with the UN process in New York. However, it is premature to launch into a negotiation of terms of reference for discussion of any proposals for a new organization, as suggested in section 4 of the co-chairs' paper. She also stated that the USG does support the Bali Strategy for Technical Cooperation and commends the UN's "Delivering as One" project. Further, the MEAs must not lose their autonomy, which corresponds to what Portugal had stated. A/S McMurray said that the "mistrust" mentioned by others could be dispelled by looking at specific implications of ideas rather than talking about general concepts. She explained that more information on resource needs is called for before any decisions can be made.

GOB CO-CHAIRS' SUMMARY

¶14. (U) The GOB Co-Chairs prepared their summary of the debate,

which they plan to insert into the ongoing debate at the UN. The summary was released on September 24, and it was not opened for review or revision by the participants. In brief, the summary concludes that there is a need for improving IEG and for more resources. It includes the Brazilian concept of a new "umbrella" organization along side the French proposal for a UNEO and also the idea of strengthening UNEP. The summary does not speak of consensus or that the participants agreed to the text. The summary did not endorse or reject the idea of further work in small groups or in an

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informal process, but stressed that any such work would complement - and not substitute for - ongoing work in the UN. The full text of the summary is provided below.

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BEGIN TEXT  
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Ministerial Meeting on Environment and Sustainable Development:  
Challenges for International Governance Palacio Itamaraty - Rio de Janeiro, 3 & 4 of September, 2007

¶1. The Co-chairs identified three groups or areas of reflection. The first summarizes the points of general convergence; the second group is composed by themes that were deemed important, but that require further reflection, because they have not reached the necessary level of convergence. Finally, the third group could be defined as possible paths for future action.

¶2. International environmental governance must be viewed in and implemented taking into account the balance between the three pillars of sustainable development. Environment is an essential part of the development process.

¶3. The paradigm of sustainable development lacks effective implementation. The considerable expansion of multilateral environmental agreements has rendered the implementation deficit deeper.

¶4. The current situation regarding international environmental governance must be improved. The status quo is not an option.

¶5. The United Nations must be the locus for dealing with the issue of international governance. In this context, the improvement of governance must progress gradually (step by step).

¶6. UNEP is the United Nations' central pillar for the environment. The importance of its headquarters in Africa was stressed.

¶7. There is an urgent need for coordination and system-wide coherence. However, the resources of the multilateral system appear to be insufficient for this coordination and for effectively implementing UNEP's mandate and multilateral environmental agreements.

¶8. The institutional structure of international environmental governance will only be effective once a clear mandate, appropriate, foreseeable and stable financial resources, and political authority are achieved. The system is overburdened (excessive agreements and commitments) - dispersion, fragmentation, competition for resources and overlapping mandates.

¶9. The autonomy of the multilateral environmental agreements that have already been negotiated must be maintained.

¶10. Transparency in the decision-making process is a necessary condition for the improvement of the process. Civil society's contribution was underscored.

¶11. To strengthen environmental governance there must be a strengthening of national and regional acting capacities. Furthermore, there is a need for strengthening the instruments and mechanisms of capacity-building and technology transfer, such as the

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Bali Strategic Plan.

¶12. The principle of common but differentiated responsibilities must be a constant reference in the process of international environmental governance. Poverty alleviation must also continue to be a central element of this debate.

¶13. There is an interest in developing a new paradigm for cooperation (North-South-South) that can help making international environmental action more effective and penetrating. However, innovative mechanisms of cooperation -South-South and North-South-South (triangular)- must be complementary and not substitutes to North-South cooperation.

¶14. The GEF is an insufficient financing source; access to its financing is slow and complex, and its decision-making structure is deemed as excessively complex. The GEF must remain, however, a central element of any future solution for international environmental governance.

¶15. There will not be any progress in this discussion without a constant exercise of mutual confidence building.

¶B. Areas where there is no convergence and where, therefore, further discussion is required:

¶16. The meeting identified the following options for the institutional structure:

16.1. UNEP's transformation into a new institution (organization or agency), with the attributions of coordinating all actors of the environmental fields, with an emphasis on resource mobilization, on the strengthening of institutional capacities, on technology transfer and on the dissemination of scientific knowledge.

16.2. Creation of an umbrella institution (organization or agency), which would articulate environment and sustainable development, in the normative, cooperation and financing dimensions, in implementation aspects, such as technology transfer and the dissemination of scientific knowledge, as well as in capacity-building for complying with multilaterally agreed objectives. The institution would integrate the existing international structure (UNEP, GEF and the Secretariats of the Conventions). In this context, the role of the CSD must be reflected upon.

16.3. Maintaining UNEP in its present format, while strengthening the Program. There is a need for decentralizing its structure as well as for increasing decision-making and implementing power of its regional offices.

16.4. The possibility of improving the system through strengthening/improving ECOSOC, through an enhanced coordination between the Council and its thematic commissions and other agencies was also mentioned.

¶17. Many statements were made in relation to the need for innovative sources of financing, but the importance of counting with new and additional resources, and with the leadership of the developed countries was equally emphasized. The importance of complying with the commitments of official development assistance was also highlighted.

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¶C. Next steps we can take collectively:

¶18. The universal treatment of this issue must be strengthened within the United Nations. Informal processes are not meant to substitute a wide and universal discussion, but rather to complement it.

¶19. Means and modalities must be identified for the progress of this dialogue, aiming at maturing ideas and at searching for

convergence.

¶20. Identifying core functions or priorities of the governance system and its potential resources may be a difficult task, but it would indicate a possible convergence on essential elements.

¶21. The discussion on environmental governance in the context of sustainable development would benefit from setting a long term objective, or several short and medium term objectives, which may be associated to the area of institutional structure or to a strategy for strengthening and improving the system.

¶22. Once the objectives are established, there would be the need for considering a timeframe with short, medium and long term deadlines.

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END TEXT  
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